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BASIS OF ESTIMATE

H.R. 2443 allows the Coast Guard to spend more of the amounts that it currently collects from user fees and similar charges. Under previously enacted laws, the agency is authorized to spend a portion of such earnings to offset the cost of collecting those fees. The act broadens the definition of collection costs to include more indirect administrative elements such as fee-related equipment purchases and training and travel expenses. CBO estimates that the broader definition of reimbursable costs will enable the Coast Guard to retain about twice as much of its fees, resulting in new direct spending of about \$2 million annually. For this estimate, CBO assumes that the agency does not increase fee rates above those currently in effect.

H.R. 2443 also contains two provisions that could affect revenues. Those provisions are described below.

Recovery of Oil-Spill Expenditures

Title VII would amend the definitions of the terms “operator” and “owner” in the Oil Pollution Act of 1990 (OPA) to exclude secondary lenders (those without management participation) and state or local governments that involuntarily acquire control or ownership of a vessel or facility involved in an oil spill.

Under current law, such involuntary owners may be held responsible for spill response and cleanup costs and held liable for damages. By explicitly excluding those entities from the law’s definitions, the act eliminates them as potentially responsible parties that the federal government could pursue to recover spill-related costs (including paying damage claims). Therefore, future recoveries (which are recorded in the federal budget as revenues) could be lower, but CBO has no basis for estimating any such impact because litigation brought against involuntary owners is rare. The federal government does not generally pursue those parties because it is usually not cost-effective to do so. In the past 12 years of litigation under OPA, the Coast Guard has recovered from only one secondary lender (about seven years after the spill), but the recovery was the highest in the program’s history: \$47 million. There has been no similar litigation against a state or local government (in the status of an involuntary owner). Given this history, CBO expects that there would be few situations where the changes made by title VII might have an impact on revenues from spill recoveries.

Civil Penalties

The act also increases civil penalties for violations of various statutes enforced by the Coast Guard. CBO estimates that the enacted changes will increase federal revenues by less than \$500,000 annually.

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